

## **EXHIBIT 17**

### **SPIC Response to UTC Staff Data Request 31**

#### **Clarification of Statements in Water System Plan – 2011**

**UTC STAFF DATA REQUEST NO. 31:**

In Sandy Point Improvement Company's response to Staff Data Request 10, the Company provided its water system plan filed with the state Department of Health. On page 2-4, under "Service Policies", the first bullet states (in part) that "within the Service Area [Sandy Point] will provide service upon request when permitted by the system capacity and regulatory approvals." The second bullet states: "Provision of water service within the Service Area will be prioritized based on the current water shareholders agreements with Sandy Point."

Please:

- (1) Provide the "shareholder agreements" referred to in the second bullet. If each "shareholder agreement" is in substance the same, please state that and a single copy will suffice.
- (2) Describe the "regulatory approvals" referred to on page 2-4.
- (3) Explain in detail how Sandy Point conducts the prioritization referred to in the second bullet, including the basis and process for prioritization, and how this prioritization relates to the "lottery" referred to in your response to Staff Data Request 6. If Sandy Point does not prioritize, please state why it does not.
- (4) Confirm the language on Page 2-4 quoted in this data request remains valid. If it is no longer valid, please explain why it is no longer valid.

**RESPONSE:**

Sandy Point responds to this Data Request No. 31 in numbered subpart responses corresponding to the data request subparts identified above:

- (1) Please see narrative response set forth in response to subpart (3) below.
- (2) State of Washington Department of Ecology water rights and permits, and related approvals. State of Washington Department of Health water system planning compliance, and related approvals. If other regulatory approvals are required, Sandy Point is committed to complying with them.
- (3) To the best of the responding individuals' knowledge and belief, the prioritization referred to in the quoted language refers to Sandy Point's commitment to provide water service to its current customers. Sandy Point is committed to and prioritizes its commitments to serve

existing customers over the possibility of potential new customers. Additionally, Sandy Point may also have contractual obligations under documents provided in response to Data Request No. 26, and such obligations would be covered by this service policy. For example, while not referenced in Sandy Point's Water System Plan, Sandy Point's commitment to service certain platted properties' water needs dates to the original purchase of the property and its water system. The terms of that sale obligated what is now Sandy Point to provide water service for then present users of the system and all owners of property in various plats in the area. Documents related to this obligation is included in Documents Produced in Response to Data Request No. 26. Priority is also given to service to properties located within the Sandy Point water service area, and Sandy Point has a service policy that restricts the provision of new service to lots outside of Sandy Point's service area. For new service within Sandy Point's service area, Sandy Point has used a lottery system. That lottery system is described in response to Data Request No. 29. Lottery entrants that have secured a commitment from Sandy Point would be prioritized over other potential new customers. Please see also response to Data Request No. 29 and Documents Produced in Response to Data Request No. 26 and 29.

(4) Based on and subject to the discussion contained in response to these data requests, and in Sandy Point's State of Washington Department of Health Water System Plan, yes.

Witnesses knowledgeable about and who can respond to questions concerning the response may include Douglas Campbell, Associated Project Consultants, Inc., P.S., those witnesses identified in response to Data Request No. 21.4, individuals identified in the responses provided and documents produced, and others to be determined.

Prepared by: Joseph A. Rehberger  
(360) 787-5057  
Dated: March 5, 2013